

## Message Text

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ACTION XMB-04

INFO OCT-01 ARA-14 ISO-00 AID-05 CIAE-00 EB-08 FRB-01  
INR-07 NSAE-00 USIA-15 TRSE-00 OPIC-06 SP-02  
LAB-04 SIL-01 OMB-01 /069 W  
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R 122228Z JAN 78  
FM AMEMBASSY LIMA  
TO SECSTATE WASHDC PRIORITY 8240  
INFO USDOC WASHDC

UNCLAS LIMA 0330

USDOC FOR MEPD/OED/BEO

FOR EXIMBANK

E.O. 11652: N/A  
TAGS: BEXP, BENC, PE  
SUBJECT: FINANCING FEASIBILITY STUDY AND BASIC ENGINEERING FOR  
BAYOVAR PETROCHEMICAL COMPLEX

REF: 77 LIMA 4771

1. ACCORDING TO RAYNALD P. LEMIEUX, REGIONAL SALES MANGER  
FOR C-E LUMMUS COMBUSTION ENGINEERING, ICM, BLOOMFIELD  
NEW JERSEY, INDUPERU WILL ENTER INTO FINAL NEGOTIATIONS FOR  
FEASIBILITY STUDY AND BASIC ENGINEERING FOR PETROCHEMICAL  
COMPLEX AT BAYOVAR EARLY IN FEBTUARY 1978. FROM ORIGINAL  
GROUP OF EIGHT CONTENDERS LUMMUS,BECHTEL, AND TECHNIP  
(FRANCE) WERE SHORTLISTED IN SEPTEMBER 1977. FEASIBILITY  
STUDY WILL COST \$1.5 MILLION AND BASIC ENGINEERING FOR  
PROJECT (40 PLANTS) SHOULD RUN TO \$8.5 MILLION. LEMIEUX  
ESTIMATES THAT FEASIBILITY STUDY WILL TAKE 14 MONTHS  
TO COMPLETE WHILE BASIC ENGINEERING WILL TAKE ADDITIONAL  
18 MONTHS.

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2. LUMMUS STRONGLY BELIEVES IT IS FRONT-RUNNER  
FOR AWARDED OF CONTRACT, LACK OF ADEQUATE FINANCING,  
HOWEVER, MAY CAUSE US FIRM TO LOSE BY DEFAULT TO FRENCH.  
LEMIEUX STATED THAT BECHTEL IS NO LONGER BEING CONSIDERED  
SERIOUSLY BE INDUPERU AND THAT PROJECT WILL EITHER BE  
AWARDED TO LUMMUS OR TECHNIP. HE BELIEVES THAT FRENCH  
ARE IN A POSITION TO FINANCE THEIR OFFER.

3. LUMMUS HAD PRIOR EXIMBANK GUARANTEE FOR FEASIBILITY STUDY PORTION LATEST EXTENSION OF WHICH EXPIRED NOVEMBER 1977. LUMMUS WILL BE REQUESTING FURTHER EXTENSION FROM EXIMBANK IN ADDITION TO NEW REQUEST FOR \$8.5 MILLION TO COVER BASIC ENGINEERING. LUMMUS WILL REQUIRE LETTER FROM EXIMBANK CONTAINING FIRM COMMITMENT ON FINANCING \$1.5 MILLION FEASIBILITY STUDY BUT ONLY ENCOURAGING STATEMENT RE BASIC ENGINEERING PORTION AT THIS TIME. ANDEAN DEVELOPMENT CORPORATION (CAF) HAD PROVIDED \$800,000 CREDIT TO HELP FINANCE FEASIBILITY STUDY AND IF THIS IS APPLIED IT WOULD REDUCE EXIMBANK GUARANTEE REQUIREMENT TO \$700,000.

4. LUMMUS HAS BEEN PURSUING THIS LUCRATIVE CONTRACT DILIGENTLY WITH INDEUPERU FOR MORE THAN THREE YEARS. THESE EFFORTS WILL HAVE BEEN FOR NOUGHT SHOULD EXIMBANK FAIL TO TAKE AFFIRMATIVE ACTION NOW THAT AWARD DECISION IS IMMINENT. EMBASSY STRONGLY RECOMMENDS POSITIVE EXIMBANK RESPONSE IN SUPPORT OF MAJOR CONSULTING FIRM. WITH FEASIBILITY STUDY AND ENGINEERING CARRIED OUT BY AMERICAN FIRM, THERE IS INCREASED LIKELIHOOD THAT PETROCHEMICAL PLANTS AND EQUIPMENT WILL ALSO BE ACQUIRED FROM US MANUFACTURERS.  
SHLAUDEMANN

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## Message Attributes

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**Capture Date:** 01 jan 1994  
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**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
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**Enclosure:** n/a  
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**Errors:** N/A  
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**Review Markings:**  
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